

STATE OF NEW JERSEY
CASINO CONTROL COMMISSION

IN RE: :

HEARING ON THE PETITION OF TRUMP :
PLAZA ASSOCIATES, TRUMP'S CASTLE :
ASSOCIATES, TRUMP TAJ MAHAL :
ASSOCIATES AND TRUMP HOTEL MANAGEMENT: :
CORPORATION FOR APPROVAL OF A :
TRANSFER TO BANKING INSTITUTIONS IN :
THE ORDINARY COURSE OF THEIR BUSINESS: :
OF SECURITY INTERESTS IN THE EQUITY :
OWNERSHIP OF CERTAIN CASINO RELATED :
ENTITIES AND FOR CERTAIN OTHER RELIEF:

Casino Control Office
3131 Princeton Pike,
Lawrenceville, NJ 08625
Thursday, August 16, 1990
2:20 p.m.
VOLUME II

B E F O R E:

VALERIE H. ARMSTRONG, ACTING CHAIR
W. DAVID WATERS, COMMISSIONER
E. KENNETH BURDGE, COMMISSIONER
FRANK J. DODD, COMMISSIONER
JAMES R. HURLEY, COMMISSIONER

PRESENT FOR THE CASINO CONTROL COMMISSION:

KAREN G. BIACHE, ADMINISTRATIVE ANALYST
DARYL W. NANCE, ADMINISTRATIVE ANALYST
JOSEPH FLYNN, PUBLIC INFORMATION OFFICER

ON BEHALF OF THE COMMISSION STAFF:

STEVEN M. INGIS, ASSISTANT COUNSEL
JOHN R. ZIMMERMAN, DEPUTY DIRECTOR

SILVER & RENZI REPORTING SERVICE
824 West State Street
Trenton, New Jersey 08618.
609-989-9191 (Toll Free NJ) 800-792-8880

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

ON BEHALF OF THE DIVISION STAFF:

THOMAS N. AURIEMMA, DEPUTY ATTORNEY GENERAL
CHARLES F. KIMMEL, DEPUTY ATTORNEY GENERAL
MARK P. SIVETZ, SENIOR AGENT
ANTHONY RESTUCCIA, SENIOR AGENT
ROBERT LATIMER, SENIOR AGENT

ON BEHALF OF THE TRUMP TAJ MAHAL ENTITIES

RIBIS, GRAHAM, VERDON & CURTIN, ESQS.
BY: NICHOLAS L. RIBIS, ESQ.
and
JOSEPH A. FUSCO, ESQ.

ON BEHALF OF THE CREDITORS COMMITTEE

HORN, KAPLAN, GOLDBERG, GORNY & DANIELS, ESQS.
BY: JOHN DANIELS, ESQ.

I N D E X

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

WITNESS:

PAGE

THOMAS M. CERABINO

Continued Cross by Mr. Auriemma 140

Examination by the Commission 175

STEPHEN BOLLENBACH

Direct Examination by Mr. Ribis 193

Cross-Examination by Mr. Auriemma 198

Examination by the Commission 211

Redirect Examination by Mr. Ribis 217

Recross-Examination by Mr. Auriemma 218

THOMAS M. CERABINO

Recross-Examination by Mr. Auriemma 221

Further Examination by the Commission 224

Further Recross by Mr. Auriemma 231

Examination by Mr. Zimmerman 232

E X H I B I T S

<u>NO.</u>	<u>DESCRIPTION</u>	<u>EVD.</u>	
1			
2			
3			
4			
5	P-31-A	Revised Amendment to Amended	221
6		and Restated Partnership	
7		Agreement of Trump Plaza	
8		Associates	
9			
10	P-54-A	Revised Amendment to Amended	221
11		and Restated Agreement of	
12		Limited Partnership	
13			
14	P-82-A	Revised Amendment No. 2 to	221
15		Agreement of Limited Partnership	
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

Cerabino - Cross by Auriemma

1 CONTINUED CROSS-EXAMINATION

2 BY MR. AURIEMMA:

3 Q Mr. Cerabino, earlier today we were
4 talking about the business plan that had to be
5 approved by the banks.

6 Are there any standards set forth in
7 either the Credit or Override Agreement with respect
8 to that approval process?

9 A No, merely that it has to be approved by
10 the required banks, which is a two-thirds concept.
11 And the plan, generally I believe, has to follow the
12 form that the original report has, but other than
13 that, there isn't any more specificity on what has to
14 be covered.

15 Q And it has to be approved pursuant to a
16 two-thirds vote?

17 A Yeah. That is a two-thirds vote, yeah.

18 Q In general, with respect to the voting
19 process that you described earlier today, by my
20 calculations, I am going to give you a couple of
21 numbers and I want to see if you agree or disagree.

22 Assuming that there is a business
23 plan submitted to the banks, by my calculations, it
24 could be that you might need as many as five of the
25 seven banks to approve it or as little as two?

Cerabino - Cross by Auriemma

1 A That sounds accurate, yes.

2 Q And, similarly, with respect to the
3 declaration of events of default, it could be that as
4 few as three banks could declare an event of default
5 or as many as six?

6 A That's right. If those three banks had
7 provided more than sixty-six and two-thirds of the
8 funds, that is correct. The vote is proportional to
9 their exposure.

10 Q I think earlier this morning I gave you an
11 example of a casino going into a bankruptcy
12 proceeding, a voluntary bankruptcy proceeding and an
13 event of default being waived or not called by the
14 bank?

15 A Right.

16 Q Assuming that situation were to occur and
17 a reorganization plan to be developed by that
18 particular casino in the bankruptcy court, what role
19 would the seven lenders play regarding that
20 reorganization plan?

21 A In your example, had the lenders
22 elected -- haven't declared that as an event of
23 default --

24 Q Correct.

25 A -- so there is an event which is out there

Cerabino - Cross by Auriemma

1 which, during some period of time, could be an event
2 of default. If the casino, at that point, is in a
3 proceeding and the plan that's negotiated as part of
4 that with the various creditor groups would involve
5 the issuance of equity, the banks wouldn't have more
6 rights as the result of the fact that the casino was
7 in bankruptcy, unless they elected to call an event of
8 default and somehow started to attempt foreclosure
9 proceedings on the security.

10 But if the situation is such that the
11 casino is in bankruptcy and a plan emerges, it's still
12 the one-third, if equity is a feature of that plan.

13 Q So are you, basically, saying that even
14 though initially an event of default was not declared,
15 there could come a point in time where the lenders
16 could declare an event of default if the plan of
17 reorganization were unacceptable to them?

18 A Well, if the event of default is the
19 filing of the bankruptcy petition, that would start
20 the procedures that I've outlined that would commence
21 those procedures. If within 20 business days of a
22 notice of that, the banks, two-thirds did not declare
23 an event of default and we didn't get one-third to
24 waive, we would go into a second 20-business day
25 period. If, after that time, the two-thirds didn't

Cerabino - Cross by Auriemma

1 affirmatively declare an event of default, that would
2 not be possible any longer on the basis of that filing
3 alone.

4 A separate provision would regard the
5 creation of a new possible default if the issuance of
6 equity were to result from, you know, some plan
7 developed as part of that proceeding. So they would
8 then have a separate look to that, but as a practical
9 matter, before doing that, we would elicit the
10 consents necessary to do that, and that would be part
11 of that proceeding.

12 Q In most of the casino restructuring
13 hypotheticals we've used, we've always talked about an
14 equity swap requiring certain consents by the banks
15 and perhaps a release of their pledge, I gather?

16 A Yes.

17 Q Is there any scenario where there could be
18 a casino bond at restructuring which would not require
19 the approval or consent of the banks?

20 A Yeah. I believe it would be possible to
21 negotiate -- you know, to negotiate moratoriums with
22 the bondholders to possibly do exchanges of debt for
23 existing debt on terms more favorable to the company.

24 I think there could be situations
25 that some kind of restructuring could occur without an

Cerabino - Cross by Auriemma

1 approval process, but --

2 Q You have to analyze the exact facts at
3 that point in time?

4 A You have to analyze exactly -- I mean if
5 it is an agreement not to -- an agreement to defer, I
6 believe that would be no approval required.

7 Q But suppose there were an agreement to
8 defer a moratorium on certain debt and ultimately a
9 tacking on of that debt at the end of some kind of
10 sweetener, a percentage sweetener, would that be an
11 event of default?

12 A Yeah. If it was an equity sweetener,
13 yeah. If we somehow reconstructed the debt instrument
14 so that the obligation remained a debt obligation and
15 was -- the terms were redone in a manner more
16 favorable to us, I believe that that transaction could
17 be accomplished without further consent.

18 Q Today without this agreement being in
19 place, these seven banks would not play any role
20 generally in any casino debt restructuring that were
21 to occur; is that a fair statement?

22 A Not in terms of a specific approval
23 mechanism. However, in the absence of this agreement,
24 were they to declare loans in default and begin
25 pursuing remedies, as a practical matter, I believe

Cerabino - Cross by Auriemma

1 that the ability of the Trump Organization to work out
2 that deal would be just incredibly hampered by the
3 fact that there were these lawsuits out there, there
4 was a potential for actions against the equity in the
5 casinos, and I believe that that kind of uncertainty
6 and turmoil would work to the detriment of any
7 possible restructuring of those obligations.

8 Q Is it fair to say that it's now clear that
9 in general terms, the banks may well play a major role
10 in any casino debt restructuring?

11 A Well, I don't agree, I think, with the
12 characterization of a major role. I think the
13 restructuring, if that's what comes, will be
14 negotiated by the company and we -- the company will
15 negotiate whatever transaction it feels is appropriate
16 at the time.

17 At some point that negotiation will
18 have to recognize the fact that we are going to need
19 perhaps an approval from a certain number of lenders,
20 but we don't envision the banks being directly part of
21 that negotiation. It's a company obligation, it will
22 be a company let negotiation.

23 Q With respect to the fresh capital that
24 would come into the Trump Organization by virtue of
25 the Credit Agreement, do you have any idea how the

Cerabino - Cross by Auriemma

1 organization intends to use those additional funds?

2 A Specifically, no, in terms of whether --
3 how much of it might go into one affiliate versus
4 another.

5 Q That is something that's generally up to
6 Mr. Trump, Mr. Bollenbach and perhaps others?

7 A Well, I believe the Business Plan
8 submitted by the Leventhal people kind of provides a
9 lot of detail with regard to that. That probably can
10 be found within their document.

11 Q I think we touched on this morning, the
12 fact that even though there is a moratorium and a
13 deferral, there are certain assets where interest has
14 to be kept current?

15 A Yes.

16 Q We know right now that the interest on the
17 mortgage-backed casino bond has to be kept current,
18 but excluding that for the moment, there are interest
19 payments due on other assets, even with this
20 agreement --

21 A Right.

22 Q -- where current payments are required?

23 A That's correct.

24 Q And the Plaza Hotel in New York is one of
25 them, and I think you've described there are

Cerabino - Cross by Auriemma

1 exceptions to that, but that's, in general terms, one
2 of them?

3 A Right. There are others, and as far of
4 the Atlantic City properties, the \$50 million
5 Midlantic Castle is a current pay obligation mortgage.

6 Q And the Grand Hyatt is another one?

7 A And the Grand Hyatt is a current pay
8 obligation.

9 Q And the Trump Tower mortgage?

10 A The Trump Tower, the NatWest loan to the
11 Taj that's secured by the FF&E is a current pay.

12 Q Those that are current pays, of course,
13 must be met presumably through the operations of the
14 various entities within the organization?

15 A That plus funds that might be available
16 under the revolver to be funded into those operations.

17 Q In the Division's Financial Analysis, in
18 this 111-page report which has been marked D-2 in
19 evidence, we've calculated that for 1991, in certain
20 circumstances, the interest on a current pay basis
21 could exceed \$100 million.

22 Can you comment on that?

23 A I can't.

24 Q You can't comment because you don't know
25 or it's better left for someone else?

Cerabino - Cross by Auriemma

1 A I don't know if it's 100 million. I'm not
2 a financial person.

3 Q The agreements provide, generally, if I
4 understand it, that any excess cash from any of the
5 casinos can be distributed up to Mr. Trump; is that
6 correct?

7 A Yes, that's right.

8 Q And at least as of the June 14 Kenneth
9 Leventhal report, prior to its amendment, there was
10 the anticipation that there would be some upstreaming
11 of money from Trump Plaza and some from Trump Castle?

12 A I believe that's correct, yes.

13 Q That as a result of an amendment of August
14 15, which was yesterday, which was admitted into
15 evidence I guess as Exhibit P-86a, that at the moment,
16 is no longer an anticipation at least in the shortrun?

17 A I believe that's correct as to the timing
18 of that payment, yeah.

19 Q But assuming for the moment that, at some
20 point in the future, distributions of cash get written
21 back into the Business Plan because the casinos, one
22 or more of them are doing well. Assume there was a
23 distribution from Trump Plaza to Mr. Trump, what
24 restrictions, if any, are there on Mr. Trump,
25 vis-a-vis the use of those funds?

Cerabino - Cross by Auriemma

1 A Any funds that come up have to be used in
2 accordance with the plan. Basically, there are
3 restrictions of money -- there are restrictions on
4 applications of funds outside of the system. I think
5 the possible uses of those funds would be to fund
6 either other casino operations or other operations
7 generally, to be able to use those funds to pay down
8 some of the either principal or to try to achieve
9 interest discounts on some of the deferred
10 obligations, but, basically, those funds would be used
11 in the company or to pay down debt.

12 Q Under these agreements, by my reading of
13 them, the casinos are severely limited in the amount
14 of letters of credit that they could obtain; is that a
15 fair statement?

16 A Well, there are a number of existing
17 letters of credit at the casinos which are remaining
18 outstanding, some of which are subject to deferrals
19 and moratorium provisions. There are also specific
20 permission within the permitted indebtedness provision
21 for \$3 million in the aggregate of additional LC
22 capacity.

23 Q That's what I would like to go through. I
24 would like to be a little more specific on that.

25 Let's try to take it casino by casino

Cerabino - Cross by Auriemma

1 for the moment. Trump Castle, my recollection is that
2 there is a \$15 million line of credit with Midlantic
3 Bank, and I believe 13 million of it was utilized.

4 A Right.

5 Q And approximately \$2 million is left on
6 that line?

7 A Right.

8 Q How do these agreements affect that unused
9 line?

10 A My understanding is that the \$2 million
11 cannot be further drawn upon, that the line has been
12 cut off at \$13 million, and that any additional
13 financing as to those entities would be subject to the
14 general covenants.

15 Q Is that a true statement throughout the
16 organization, that any existing lines, unless
17 otherwise provided for, can't be drawn, that the new
18 agreement is, basically, the controlling document?

19 A Well, I think there may be only a few
20 loans which there is unpaid or undrawn upon
21 commitments. Some of them may have been eliminated.
22 I believe there may be one with respect to the Trump
23 Regency that has been lowered somewhat, but we still
24 have capacity to draw down additional funds there.

25 Q So again if I read these agreements

Cerabino - Cross by Auriemma

1 correctly, there appears to be a limitation for the
2 casinos at least of \$3 million of a letter of credit
3 for additional borrowing?

4 A That's correct. At the present time,
5 there is, however, if we find going forward that that
6 isn't sufficient, again, if it's necessary, reasonably
7 necessary to the operations of the business, and we
8 can convince one-third of the banks that we ought to
9 have some additional capacity to have more LC
10 borrowings there, we have the flexibility to do that,
11 but you're correct, the current agreement just
12 provides for \$3 million.

13 Q And there's a cap of \$1 million on the
14 Trump Castle?

15 A Yeah, that's exactly right.

16 Q Again, I don't want to beat a dead horse,
17 but assuming one of the casinos felt that it needed a
18 line of credit of \$10 million, and assuming the banks
19 agreed, presumably it would be one or more of those
20 seven banks which would be the primary providers of
21 those letters?

22 A Presumably. We do have debt capacity
23 within the terms of the covenants. For example, the
24 entities are allowed to incur purchase money debt. If
25 debt were needed to buy equipment or something, there

Cerabino - Cross by Auriemma

1 is the ability to do that if it's done in the ordinary
2 course of business.

3 LCs are restricted in the manner you
4 pointed out, but it is not -- it's not a total block
5 on the ability to do that kind of borrowing, but we
6 always retain a flexibility to go back and ask for
7 more, if that's not enough.

8 Q The Kenneth Leventhal report of June 14 as
9 amended yesterday, do you know if that report which
10 today has been characterized as the Business Plan, do
11 you know if that's been approved in any way by the
12 banks?

13 A I believe it has. The document recites
14 that the initial Business Plan is the report that's
15 been referred to, which is that one.

16 Q These agreements do not deal with any debt
17 that is owed to the Taj Mahal contractors; is that
18 correct?

19 A That's correct, yes.

20 Q And the contractor problems at the Taj
21 generally have to be dealt with by that particular
22 property?

23 A That's correct. The existence of the
24 dispute with the contractors is specifically not an
25 item that is an event of default at the present time

Cerabino - Cross by Auriemma

1 or could become one immediately after we sign.

2 Q Are you involved at all in negotiations
3 with the contractors at this point?

4 A No, not directly.

5 Q That's left to others within the
6 organization?

7 A Yes.

8 Q I want to give you another hypothetical.
9 Suppose no agreement is reached, or some contractors
10 proceed with their lawsuits against the Taj Mahal; and
11 assume for the moment that they are successful and get
12 a judgment; what would that judgment or how would that
13 judgment affect the agreements, vis-a-vis an event of
14 default?

15 A A \$5 million judgment could give rise to
16 the initiation of this voting process, so that would
17 be, if obtained, an event that we would go through
18 this procedure on.

19 Q You would presume that in any casino debt
20 restructuring alternative that might be offered by
21 First Boston, that that investment banking house would
22 probably early on have to be in contact with the banks
23 to determine if they would give their consents; would
24 you not?

25 A I don't know at what point that would

Cerabino - Cross by Auriemma

1 happen. I think obviously before it's done, we would
2 be talking to the banks, but I really don't want to
3 leave you with the impression that this is a
4 negotiation with the Trump Organization, seven banks
5 and the bondholders. This will be done by the
6 company.

7 When the company feels that it's far
8 enough along to suggest a plan and present that to the
9 banks in a concrete fashion, I expect that's the way
10 it would go.

11 Q Okay. Let me give you another
12 hypothetical.

13 Suppose November 15 comes and there
14 is no casino debt restructuring in place and a default
15 occurs on the bond payments that are due at the Taj
16 Mahal; and again assume that the 30-day grace period
17 that is afforded by the relevant bond indenture also
18 comes and goes and no payment is made.

19 What effect would that occurrence
20 have, vis-a-vis any restructuring or vis-a-vis an
21 event of default?

22 A That alone, as you've described it, would
23 not be an event of default. And short of actions
24 being initiated by the bondholders to accelerate
25 something, that just the mere passing of those dates

Cerabino - Cross by Auriemma

1 does not, in and of itself, have significance in the
2 events of default sections.

3 Q But if the bondholders were to accelerate,
4 what would the effect of that be?

5 A That would be an event which we would have
6 to go through the voting process on.

7 Q So generally, though, it does behoove
8 First Boston and the company to relatively quickly
9 make some decisions as to how --

10 A Yes.

11 Q -- they are going to proceed with their
12 casino debt restructuring?

13 A Absolutely, that's correct.

14 Q Let's focus for a moment on the Trump
15 Regency. Again if I read the Override Agreement
16 correctly, it appears to me that that agreement
17 specifically requires the Trump Plaza to, in essence,
18 assume certain obligations, vis-a-vis the Trump
19 Regency?

20 A The agreement does require that the lease
21 be in effect, yes.

22 Q And that lease -- and I think you've
23 described earlier today that that lease does have some
24 beneficial components?

25 A Right.

Cerabino - Cross by Auriemma

1 Q For Trump Plaza.

2 And I presume since you are not an
3 operational person, someone within the organization
4 has proffered that suggestion to you?

5 A Yes.

6 Q And who has that generally been?

7 A Well, I've spoken to Mr. Freeman about
8 that, and I don't know others beyond that, but the
9 lease arrangement as relayed to me is one which has to
10 be under the bond indenture, one which is a
11 commercially reasonable transaction.

12 Q But as far as the benefit for Trump Plaza,
13 people within the organization have told you this is a
14 benefit to Trump Plaza?

15 A I have been told that the arrangement is
16 one which is beneficial to Trump Plaza, yes.

17 Q To the extent that the Trump Regency is a
18 cash-draining asset at the moment of the organization,
19 there's also that benefit as well, that the Trump
20 Plaza is assuming certain obligations of the Regency
21 and, therefore, are not permitting that cash-draining
22 asset to otherwise drain other organization assets?

23 A That's true.

24 Q The Trump Regency debt is a Manufacturer's
25 Hanover debt, I believe?

Cerabino - Cross by Auriemma

1 A That's correct.

2 Q Can you tell us what rights Manufacturer's
3 Hanover would have against Trump Plaza if, for
4 example, payments under the lease arrangement were not
5 made?

6 A I believe the way the agreements are
7 written, the default in the payment of one of the
8 obligations under the lease to pay the rent after an
9 extended grace period, I believe 90 days, could give
10 rights to take action against that entity as well as I
11 think it would work through an action either under the
12 mortgage of the Regency or through this assignment of
13 rents, that's one of the documents we've spoken about.

14 Q And if that were to occur, is that a
15 situation which could be considered an event of
16 default subject to the balloting procedure?

17 A What event specifically, the acceleration
18 or declaration of a default under that obligation?

19 Q Right.

20 A I'm not sure that that alone could. I
21 think if -- I think if foreclosure actions were
22 commenced with respect to either the Regency --
23 honestly, that's one I hadn't thought of. I believe
24 it probably would, but -- it probably would.

25 MR. AURIEMMA: Madam Chair,

Cerabino - Cross by Auriemma

1 obviously, that's a complex question. I certainly
2 don't know the answer. If we finish with Mr. Cerabino
3 today, could we have him just examine that question
4 independently this evening and advise us of the answer
5 tomorrow.

6 ACTING CHAIR ARMSTRONG: Certainly.

7 THE WITNESS: I would be happy to.

8 CONTINUATION BY MR. AURIEMMA:

9 Q Mr. Cerabino, with respect to the first
10 priority pledge of equity for the \$19.6 million line
11 of credit in conjunction with the Penthouse site?

12 A Yes.

13 Q That currently is an unused line of
14 credit?

15 A Right. I believe there may be \$100,000 or
16 some nominal amount outstanding.

17 Q Again that line of credit right now is not
18 a line of credit of the Trump Plaza?

19 A That's correct.

20 Q It is a line that's personally guaranteed
21 by Mr. Trump?

22 A Yes, yes, it is.

23 Q But, again, pursuant to these agreements,
24 it would, in essence, get a first priority pledge of
25 the equity of Trump Plaza?

Cerabino - Cross by Auriemma

1 A Right. I believe the thinking behind that
2 is the fact that the Penthouse site is intended to be
3 related to the Plaza Casino, is in close proximity to
4 it and would be for the benefit of that casino
5 ultimately if developed and a hotel put there. But
6 you're correct, it's not a direct obligation currently
7 of the Plaza Casino. It is certainly a related
8 situation. And NatWest, like the other New Jersey
9 banks that have loaned money there, were looking for a
10 piece of collateral to take first lien on with respect
11 to that obligation.

12 Q So, in essence, it was part of the give
13 and take of the negotiations which resulted in that
14 pledge?

15 A Yes, that's exactly right, but there is a
16 relationship there.

17 Q We've talked about first priority pledges,
18 and I'm not sure if we talked about second or third
19 priority pledges, but there are, from my reading of
20 the agreements, first, second and third priority
21 pledges.

22 A Right.

23 Q Could you just go over those pledges
24 slowly for us?

25 A Yeah. Sure.

Cerabino - Cross by Auriemma

1 The first priority pledges we've
2 outlined, the Taj is Fidelity, the Castle is Midlantic
3 and the Plaza is NatWest.

4 The second priority for each of those
5 pledges is the new money facility.

6 Q That is the \$65 million?

7 A The \$65 million is secured by a second
8 lien on that equity.

9 The third level is the security that
10 those liens secure the deferred recourse interest
11 obligations that have been deferred under the Override
12 Agreement. So some part of this \$85 million a year
13 that I mentioned as part of the deferred interest,
14 some of that is recourse, some of that is
15 non-recourse, but the recourse part of that, carrying
16 forward to the extent not paid is secured by a third
17 lien on that equity loan.

18 Q Again, we talked earlier today about the
19 facility fee, which under certain circumstances, maybe
20 paid upon, I guess, the capital event resulting?

21 A That's correct.

22 Q But assuming no -- strike that.

23 Certain capital events can result
24 from sales of assets, that we know?

25 A Right.

Cerabino - Cross by Auriemma

1 Q Assume again, hypothetically, for the
2 moment that there are no sales of assets and we are
3 now five years down the line in June of 1995, a
4 facility fee may or may not come to fruition at that
5 point in time?

6 A A facility fee definitely would be payable
7 five years out or earlier if the debt obligation,
8 subject to the Override Agreement, had been paid off
9 earlier. If \$1 billion of deferred debt has been paid
10 and if that happened three years from now, there would
11 be a facility fee payable at that point.

12 But as a practical matter, the
13 facility fee probably would be measured five years out
14 from June.

15 Q And I think, as you said this morning in
16 response to one of Mr. Ribis' questions, you have no
17 idea what that facility fee could possibly be?

18 A It is impossible to calculate today
19 because of the variables that go into it. You know,
20 the restructuring per se of the casino debt, I just
21 want to be clear on this point, I'm not sure it was
22 abundantly clear this morning, a transaction where
23 equity is given, and presumably with the consent of
24 the banks, would not give rise to any kind of facility
25 fee because that would be a transaction that would

Cerabino - Cross by Auriemma

1 result in no cash proceeds being received by the Trump
2 Organization.

3 Q And that facility fee is ten percent,
4 correct?

5 A Ten percent. If you deal with interim
6 capital events occurring within the first five years,
7 and in that case, it's easy to think of it as 15
8 percent of whatever Mr. Trump's piece is after you
9 have get through with a lot of applications.

10 Q Just to put it into some numbers and give
11 an illustration, suppose again there is, at the end of
12 five years, one casino/hotel remaining, two have been
13 sold, and the appraised value of that casino/hotel
14 were \$1 billion, and let's say the bond debt on it
15 were 800 million, these are just made up numbers.

16 A Right.

17 Q What would the facility fee be based on,
18 would it be based on \$1 billion?

19 A No.

20 Q Or would it be based on the 200 million?

21 A It's based on the appraised value of the
22 equity, so in your example, it actually would be less
23 than \$200 million would be the number you apply the
24 ten percent to, because presumably there are other
25 obligations of the entity that would reduce Mr.

Cerabino - Cross by Auriemma

1 Trump's net worth, so whatever that net number is.
2 And then you have to factor in how much of the
3 original \$1 billion has been paid off. If we're
4 talking about the fee that gets payable five years
5 from now, how much has been paid off, how much
6 remains, and it could be zero or it could be ten
7 percent of \$200 million.

8 Q With respect to the First Fidelity 75
9 million loan, vis-a-vis the Taj Mahal, that loan I
10 think as you said earlier was not a loan of Trump Taj
11 Mahal Associates but a loan of Trump Taj Mahal Realty
12 Corp.?

13 A Right.

14 Q That's a separate entity?

15 A Right. I believe the funds -- the
16 proceeds from that loan were used in connection with
17 the acquisition and for equity contributions into the
18 Taj. And the loan is secured by parcels adjacent to
19 the Taj by the Steel Pier.

20 Q I think you said earlier today that that
21 loan, by virtue of these agreements, there are certain
22 deferrals, but there are also certain extensions
23 without a fee?

24 A Yeah. The principal -- the principal was
25 originally due in three years. And then I believe

Cerabino - Cross by Auriemma

1 there was a \$375,000 extension fee to move the debt
2 out an additional two years.

3 Q That's been eliminated?

4 A That's been eliminated as a part of this.

5 Q Also that loan, that \$75 million seemingly
6 has two participants that I am aware of, Security
7 Pacific Bank and Fidelity Bank; is that accurate?

8 A I don't know. I don't have facts on that.

9 Q The \$65 million amount that was
10 negotiated, presumably that was a matter of give and
11 take between the banks and the representatives of the
12 Trump Organization?

13 A Right.

14 Q And again, presumably, at least those
15 parties think that that 65 million is sufficient to
16 permit this organization to succeed on an ongoing
17 basis?

18 A Yes. Suffice it to say, the original
19 request was north of \$65 million. It was part of the
20 give and take. While we would have liked some more,
21 the company, I think, feels comfortable with that
22 number.

23 Q That figure, basically, was, from the
24 Trump Organization standpoint, presumably arrived at
25 by the Kenneth Leventhal people and other people

Cerabino - Cross by Auriemma

1 within the organization?

2 A Yes, the financial people determining what
3 the needs were over that period of time.

4 Q With respect to these seven banks and
5 possibly nine if you consider Boston Safe and Marine
6 Midland, we've heard much throughout the spring of all
7 the problems and approvals that were necessary from
8 syndications and participating banks?

9 A Right.

10 Q Could you go over that for us and explain
11 what that hangup was and what those problems were?

12 A Well, just in terms of representing the
13 company, we are not privy to the arrangements between
14 the banks and their participants. However, I can
15 speculate that the fact that what we were asking them
16 for in the context of approving this deal is, in many
17 cases, a fundamental alteration of the terms of their
18 existing documents.

19 When you start asking people to defer
20 principal and interest, in most syndicated loans that
21 I know, that is something that would normally require
22 a very high percentage, if not unanimous approval by
23 the various participating banks.

24 And once that approval is obtained,
25 and again I am not the person on this, but I think

Cerabino - Cross by Auriemma

1 that once the approval is obtained and the deal goes
2 forward, the voting requirements are altered or not
3 the same with respect to kind of ordinary
4 administration of that loan to the extent that we're
5 not doing things like altering the basic terms of
6 repayment.

7 Q To your knowledge, though, do any of these
8 participant banks have any direct access to any of the
9 collateral arising from the Creditor Override
10 Agreement?

11 A None of them will directly sign the
12 documents or be a party to any security arrangement.
13 I frankly don't know the participation arrangements.
14 I haven't read nor should I have read their
15 documents.

16 However, I will point out that while
17 the Credit Agreement is existing and alive, the
18 approvals that would be required for changes as we go
19 forward, to the extent that's necessary, would involve
20 the seven banks, unless we have fully collateralized
21 that loan.

22 So we would expect at least in the
23 near term that we are not dealing with anybody at the
24 second level in terms of the transaction or
25 modifications to it.

Cerabino - Cross by Auriemma

1 Q I think you said earlier in response to
2 one of the questions I asked before lunch that the
3 banks had approved Mr. Bollenbach or found acceptable
4 Mr. Bollenbach as the chief financial officer of the
5 Trump Organization?

6 A Well, I don't have direct knowledge of the
7 conversation -- the answer is yes, they obviously
8 have, but from my personal knowledge, aside from the
9 fact that he's here.

10 Q Let me ask you this, do you know if any
11 other individuals were contemplated as chief financial
12 officers whose names were submitted to the banks and
13 the banks rejected them?

14 A I'm not aware of any, but I don't have
15 information one way or the other.

16 Q I think you said this morning, and forgive
17 me if I'm wrong, and I am going to characterize this,
18 I think you said that certain asset sales will result
19 in enhanced liquidity in terms of proceeds after debt
20 repayment?

21 A That's correct.

22 Q Which asset sales would do that?

23 A Well, it's an ongoing process. There are
24 assets which have less debt against them than other
25 assets, and without -- I'm not sure I have enough of a

Cerabino - Cross by Auriemma

1 handle on the values to know, you know, which are the
2 best, which assets have the most equity value above
3 the debt and above the new liens that we've put on
4 them, but I believe that there are such assets within
5 the organization from my conversations with the
6 financial people. And we would expect that proceeds
7 could be generated and could improve liquidity.

8 Q Suppose First Boston were to propose some
9 kind of global casino entity as a possibility for this
10 casino restructuring.

11 A Right.

12 Q Again, suppose that there is a chief
13 financial officer of this new casino entity, do you
14 anticipate the seven lenders having any control or say
15 with respect to the naming of that person?

16 A No, no, I don't.

17 Q Obviously, for this restructuring to
18 succeed operationally various entities within the
19 organization are going to have to be successful,
20 either cut expenses or increase revenues and
21 essentially have a positive cash flow?

22 A Correct.

23 Q And in a third respect, that's also Mr.
24 Bollenbach's problem to ensure that that occurs from
25 an oversight standpoint?

Cerabino - Cross by Auriemma

1 A Yes, that's correct.

2 Q If there are going to be asset sales,
3 presumably Mr. Trump and Mr. Bollenbach are going to
4 have to be intimately involved in which assets get
5 disposed of and at what price?

6 A Yes.

7 Q And price is certainly a key to the
8 overall success of this restructuring and any future
9 business plan that might come about?

10 A That's absolutely true, yes.

11 Q The agreements again that you've described
12 today talked about distributions of excess cash from
13 the various entities within the organization. Again,
14 tell me if the agreements allow for this scenario, if
15 there were excess cash from any of the casino/hotels
16 that could be distributed to Mr. Trump, and the
17 Commission were to impose a condition as a condition
18 relating to approving this agreement which said
19 something to the effect that there could be no excess
20 cash distributions to Mr. Trump from any of the
21 casinos unless prior Commission approval were
22 obtained; do these agreements accommodate that
23 scenario?

24 A The agreements currently contemplate that
25 if such an order were issued, that cash could be

Cerabino - Cross by Auriemma

1 retained at that level.

2 Q Again, I think you've indicated that there
3 are incentives to sell within really the first year of
4 this agreement?

5 A Yes. I think the fact that the greater
6 discounts on interest are achievable in the early
7 years to the extent that equity -- the equity value of
8 the assets could be realized, it's more beneficial to
9 do that earlier.

10 Q The lead bank of the seven banks, just to
11 make it crystal clear, is that Banker's Trust?

12 A Well, Banker's Trust is acting as agent,
13 and as such, has certain administrative and
14 administrative functions. And they have, together with
15 Citibank, the greatest amount of the loan.

16 Q And Banker's Trust also happens to be the
17 indenture trustee on the Taj Mahal bonds; is that
18 correct?

19 A Yeah. I believe they've given us a notice
20 that they intend to resign from that.

21 Q I think that's the first I've heard about
22 that.

23 But speaking of trustees, First
24 Fidelity Bank has resigned as indenture trustee for
25 the Trump Castle funding bonds?

Cerabino - Cross by Auriemma

1 A Right.

2 Q And the Trump Plaza funding bonds?

3 A That's correct.

4 Q To date, no successor trustee has been
5 selected; is that accurate?

6 A That's correct.

7 Q They are acting as a retiring trustee?

8 A Yeah. Until someone is appointed, they
9 are acting as the retired trustee.

10 Q Could we just go back for a moment to the
11 negative covenants that are contained in the
12 agreement.

13 A Yes.

14 Q Essentially, they are that -- maybe you
15 should tell me.

16 A Yeah. I think, you know, the principal
17 ones are limitations on incurring new debt, new liens,
18 putting new liens on assets, transactions with
19 affiliates, investments in other entities. Those are
20 the principal negative covenants.

21 Q There are also negative covenants on
22 capital expenditures?

23 A Correct, on capital expenditures, and one
24 or two other items that I would say are customary
25 covenants.

Cerabino - Cross by Auriemma

1 As to sales of assets, however, I
2 think I mentioned that there is a very broad authority
3 to sell, and again it's consistent with our needs in
4 the spirit of the agreement that we have the
5 permission to sell assets, provided the sales are on
6 commercially reasonable terms.

7 Q Are you satisfied at this point that no
8 fraudulent conveyance would be occurring here by the
9 prioritizing of the equity with respect to each
10 casino/hotel?

11 A I don't -- it's not something that lends
12 itself to an easy yes or no answer.

13 Q Was that an issue that was examined and
14 discussed?

15 A It's an issue that was thought about, yes.

16 Q And presumably, because of the way the
17 agreement is structured, it would obviously be that
18 then no one thought it would be a fraudulent transfer?

19 A That's correct.

20 MR. AURIEMMA: May I just have one
21 moment, Madam Chair.

22 A I am not a bankruptcy lawyer per se and,
23 you know, it's a subject that, for a lot of reasons, I
24 feel a little bit reluctant to speak about.

25 Q What I would just like to turn to now is

Cerabino - Cross by Auriemma

1 the amendment to the partnership agreements. It
2 appears to me, from a reading of the amendments, I am
3 going to pick one out, P-31 in evidence which looks
4 like the one for Trump Plaza Associates, and I believe
5 they are similar among all three of them.

6 A Yes.

7 Q It appears that the parties to the
8 Override Agreement have certain rights, vis-a-vis
9 these partnership agreements once amended?

10 A I believe that that agreement that you
11 have has been -- there was a version of those
12 agreements that had specific reference to Override
13 Agreement lender consent. Those have been deleted
14 from that agreement --

15 Q So at the moment --

16 A -- at the moment.

17 And the final document is what you
18 have, absent those provisions and one or two other
19 provisions in there. And what is left is an agreement
20 -- a partnership agreement amendment that merely
21 requires that -- recognizes the fact that there is a
22 pledge of the equity and provides a mechanism for
23 making the secured parties, in the event of
24 foreclosure, able to get the benefits of that lien.

25 MR. AURIEMMA: Madam Chair, with

Cerabino - Cross by Auriemma

1 respect to that, since that has caught me by surprise,
2 I would like to just have a chance overnight to look
3 at the most recent partnership proposal, and I might
4 have a question or two of Mr. Cerabino tomorrow.

5 ACTING CHAIR ARMSTRONG: Absolutely.

6 Q One final question relating to the new
7 money facility. Essentially, \$20 million of it is
8 advanced already by virtue of the June accord; is that
9 correct?

10 A Yes.

11 Q And that has to be repaid from the
12 proceeds of the \$65 million?

13 A That's correct.

14 Q In essence, after that is done, there's a
15 line of credit established generally for further
16 drawdowns on the money; is that correct?

17 A Yeah. The balance of the loan, the
18 remaining 45 would be -- the initial draw would be
19 some additional amount currently contemplated to be in
20 the neighborhood of \$20 million. There would then be
21 \$40 million outstanding.

22 To the extent the 40 were paid down,
23 except if it were paid down under certain
24 circumstances where there would be mandatory
25 reductions, we would be able to borrow back the entire

Cerabino - By Commissioner Waters

1 amount.

2 MR. AURIEMMA: Madam Chair, nothing
3 further at this point.

4 ACTING CHAIR ARMSTRONG: Thank you.
5 Commissioner Dodd, questions?

6 COMMISSIONER DODD: Not at this
7 time.

8 ACTING CHAIR ARMSTRONG: Commissioner
9 Hurley.

10 COMMISSIONER HURLEY: No.

11 ACTING CHAIR ARMSTRONG: Commissioner
12 Burdge.

13 COMMISSIONER BURDGE: No questions.

14 ACTING CHAIR ARMSTRONG: Commissioner
15 Waters.

16 COMMISSIONER WATERS: Yes. Thanks
17 Madam Chair. I think I have just one basic question.

18 EXAMINATION BY COMMISSIONER WATERS:

19 Q I've been sitting here listening to the
20 deferral and moratorium and things of this sort, and
21 then subsequently the idea that First Boston is going
22 to attempt to arrange some kind of restructuring of
23 the other debt.

24 Was any thought given to making one
25 package out of that?

Cerabino - By Commissioner Waters

1 A I believe that -- I don't know from my
2 personal knowledge, Commissioner, what specific
3 consideration was given to that.

4 As a practical matter, it would seem
5 exceedingly difficult to include within this plan
6 those groups as well. The immediate obligations that
7 we had to deal with were the ones that are covered by
8 this agreement. And as I mentioned, we are fully
9 current on payments under the bond indentures. And it
10 would have been certainly premature to, I think,
11 commence expansive group-- to bring in others to that
12 group at this point.

13 Q But, ultimately, a part of the objective
14 here was to reduce the debt?

15 A Well, the objective is to --

16 Q I mean, regardless of where it is, to get
17 the total size of it down to something that's
18 manageable?

19 A The objective generally is to make the
20 operating entities fully viable and operational, and
21 to the extent they are over-leveraged, to reduce that
22 leverage.

23 Q That then would be a subsequent approval?

24 A Yeah. At this point in time, that would
25 be a subsequent approval, and I presume under the

Cerabino - By Commissioner Waters

1 Casino Control Act. And whatever the nature of that
2 arrangement was at the time, it's hard to speculate
3 right now, but currently we have no defaults under any
4 of those indentures.

5 Q To get back to a point that Mr. Auriemma
6 was following, looking forward to First Boston, if
7 they do come up with one of these swaps of debt for
8 equity, what would be the incentive on the part of the
9 banks to agree to that?

10 A Well, presumably, in situations like that,
11 the remaining equity interest, even if it's less than
12 100 percent, would or could be viewed to be more
13 valuable.

14 The percentage of equity -- and again
15 I would just like to reiterate no specific plan on any
16 kind of specific restructuring transaction has been
17 put forward.

18 Q I understand that.

19 A But I guess the concept would be that 80
20 percent of some number could be higher than 100
21 percent of a number. It depends on what the value is
22 that's created once you give effect to get reductions
23 and other adjustments at that entity. But it is
24 obviously conceivable that a smaller percentage of the
25 equity could represent enhanced value once the overall

Cerabino - By Commissioner Waters

1 debt was reduced.

2 Q It is conceivable that the banks would not
3 agree?

4 A It is conceivable, but in this issue,
5 given I think what I've said, the interests of Mr.
6 Trump in the banks should be somewhat in line in that
7 respect, because obviously the goal would be to
8 improve the values everywhere.

9 Q But assuming they don't agree, where do we
10 go from there?

11 A Well, if we are unable to do that, then we
12 have a problem or conceivably could have a problem at
13 that level, and that could go any number of ways, but
14 it is impossible to tell where that might lead, but
15 certainly that could lead to a bankruptcy filing.

16 Q But at least at this point in time, no one
17 has anticipated that happening?

18 A I believe that, you know, we are a little
19 premature. We will wait for the work of First Boston
20 and their report and we will see where we are. And
21 certainly I would expect that the company believes
22 that these problems could be dealt with.

23 Q Fine. Thanks.

24 COMMISSIONER WATERS: I have nothing
25 else.

Cerabino - By Acting Chair Armstrong

1 EXAMINATION BY ACTING CHAIR ARMSTRONG:

2 Q I had had the same question, what would be
3 the incentive of the two banks to agree to that? And
4 I gather from your answer that you wouldn't be able to
5 even speculate at this point as to how difficult it
6 might be to obtain their consent?

7 A Yes.

8 Q Because it would depend on --

9 A It would depend on the precise nature of
10 what we were proposing and a whole range of options
11 that frankly haven't been -- you know, the company has
12 been trying to get this deal behind it, so it is able
13 to go ahead and address those problems, and I think
14 they would expect very promptly to be in that
15 position.

16 Q I think you went into this, but I might
17 have missed it, the facility fee, how does that relate
18 to a restructuring if there's a restructuring with the
19 bondholders?

20 A It really shouldn't. There should be no
21 circumstance that I would foresee in a restructuring,
22 whether it's a debt for debt arrangement or an equity
23 for debt arrangement.

24 The only time the facility fee is
25 paid is when there are proceeds that come up from the

Cerabino - By Acting Chair Armstrong

1 excess proceeds that are generated from a capital
2 event. The issuance of an equity or of equity in
3 exchange for debt does not generate cash proceeds to
4 the company. It's merely a substitution of one
5 security for another.

6 Q Okay. So at this point I'm contemplating
7 every scenario you could think of at this point.
8 That's an unfair question, but I am going to ask it
9 anyway. You can't really see that a facility fee
10 would be involved?

11 A Yeah. I don't see a facility fee being
12 paid in connection with a debt restructuring.

13 Q I just want to clarify a term that you
14 used when you were discussing at the end of the
15 five-year period there would be a facility fee, you
16 used the term equity value. Is that by your
17 definition synonymous with appraised value?

18 A Yeah. Well, appraised value and equity
19 value, yeah, that some third party who is experienced
20 in valuing equity interests in these kinds of entities
21 would come in and say that the overall enterprise is
22 worth X dollars and apply Mr. Trump's percentage
23 against that, and presumably, that would be the equity
24 value or appraised value of his equity piece at that
25 time, and that would be the basis of applying the

Cerabino - By Acting Chair Armstrong

1 formula that's set forth in the Override Agreement.

2 Q Mr. Ribis, near the end of your direct
3 testimony, asked you the question or asked you to
4 enumerate what the benefits would be to Atlantic City
5 if this deal is approved. I think the follow-up
6 question to that which no one has asked you is, what
7 are the detriments to Atlantic City if we approve
8 this?

9 A That's a difficult question.

10 Q I know. That's why I asked it.

11 A Obviously, we're creating an agreement
12 that has restrictions that imposes -- we lose
13 flexibility in certain areas. I think that's a
14 given. Our ability to issue an unlimited amount of
15 debt at the operating company, our ability to do
16 various things now has attached to it the possibility
17 of an approval mechanism by some third party group.
18 So to that extent, I think the flexibility of the
19 company to carry on business as usual is hampered.
20 And to the extent that those actions could have been
21 directed to Atlantic City rather than somewhere else,
22 yeah, there is a possible detriment there.

23 However, in my view, that has to be
24 weighed against the enormous benefit that I think in
25 the absence of this agreement, where this company is

Cerabino - By Acting Chair Armstrong

1 is something, where, as a practical matter, I'm not
2 sure I see the detriment of some additional regulation
3 and covenants and those kinds of obligations as being
4 meaningful, but they are there by virtue of this
5 transaction.

6 Q I think the answer to this is
7 self-evident, that when we look at everything we have
8 before us, the various documents, we consider your
9 testimony, which, by the way, has been very helpful,
10 but we certainly cannot conclude that an approval of
11 this particular transaction -- that we cannot assume
12 that it will prevent a default on any of the bond
13 payments?

14 A No. This agreement does not prevent a
15 default on the bond payments. I believe it gives us
16 the opportunity to avoid that occurrence by going
17 forward in being able to turn our attentions to that.

18 Q Does it complicate the potential
19 negotiations with the bondholders?

20 A I can't speculate as to that. Certainly,
21 we have to acknowledge the fact that our flexibility
22 is somewhat limited by the approval procedures that
23 are put in here, and it may complicate it, it may
24 not. I don't know.

25 Q I'm not sure if you are the person to ask

Cerabino - By Acting Chair Armstrong

1 this question of, but it's come through to me from
2 your testimony and also obviously from looking at the
3 various exhibits that the sale of assets is pretty
4 important to the continued financial health of the
5 Trump entities?

6 A Can I just respond to that?

7 Q Yes.

8 A The plan was constructed, and I believe
9 while I'm probably not the right person for it, I
10 believe the plan was constructed without an assumption
11 of specific asset sales or a group of asset sales and,
12 you know, certainly to the extent there were asset
13 sales, there are definite benefits that the Trump
14 Organization can achieve in terms of the ability to
15 realize discounts, the ability to retain extra
16 proceeds outside of the \$65 million revolving credit
17 facility.

18 Q My question actually was going to be, and
19 you may not be the right person to answer this, and
20 unfortunately we've seen this in another situation
21 which has been in front of us where the sale of assets
22 was pretty important to the financial health of the
23 company, and the sale of assets did not take place to
24 the extent that was contemplated when the matter came
25 before us, and I was going to ask you how realistic is

Cerabino - By Acting Chair Armstrong

1 the sale of certain assets under a defined time
2 schedule, but I gather you probably couldn't answer
3 that?

4 A I'm really not the right person, but, you
5 know, we do view this as a five-year arrangement and
6 there was a lot of thought and a lot of negotiation
7 during the time period for that very reason, that,
8 hopefully, we could ride out individual problems that
9 might be created in one particular market at any
10 particular time. And the existence of a three- to
11 five-year term to do that is, we believe, an
12 appropriate time frame in which to do that.

13 Q If, hypothetically, this Commission were
14 to approve the request in the petition, if that
15 approval came a week from now as opposed to today or
16 tomorrow, will the world come to an end?

17 A Quite possibly.

18 Q Possibly. That's a good lawyer-like
19 answer.

20 ACTING CHAIR ARMSTRONG: I think
21 that's all I have at this point. I know that Mr.
22 Auriemma has some things that he wanted you to
23 contemplate for tomorrow. We're going to get to
24 Commission Staff in a minute.

25 I'm assuming Mr. Cerabino is

Cerabino - By Zimmerman

1 available tomorrow or should I not assume that?

2 THE WITNESS: Sure.

3 MR. RIBIS: We had hoped, depending
4 on how long my next witness was, I don't anticipate he
5 will be that long, that we could bring him back
6 tomorrow. It's in Atlantic City tomorrow.

7 ACTING CHAIR ARMSTRONG: Yes.

8 MR. RIBIS: If that's what you would
9 like, we will make him available.

10 ACTING CHAIR ARMSTRONG: Well, I know
11 of Mr. Auriemma had some questions, I may have some
12 additional questions tomorrow.

13 MR. RIBIS: We will bring him back
14 tomorrow.

15 ACTING CHAIR ARMSTRONG: We will see
16 at the end of the day where we are.

17 Mr. Zimmerman.

18 MR. ZIMMERMAN: I think it would make
19 sense if we had Mr. Cerabino available because we have
20 not seen the final versions of the partnership
21 agreements, and if we are going to approve the
22 partnership agreements, we better have people that can
23 talk about that.

24 MR. RIBIS: We will make him
25 available.

Cerabino - By Zimmerman

1 EXAMINATION BY MR. ZIMMERMAN:

2 Q Mr. Cerabino, if today a casino licensee
3 were to default on its bonds, a number of things might
4 happen, there could be an equity swap with the
5 bondholders, there could be a foreclosure in the sale
6 of the casino, there could be, I guess in the worst
7 case, a bankruptcy. If that would happen to one of
8 the casinos today and the other casinos were current
9 in their obligations, it wouldn't necessarily have an
10 effect on them?

11 A That's quite possible.

12 Q And if any of those things that I
13 mentioned, an equity deal or a foreclosure or a
14 bankruptcy were to happen after this deal was in
15 place, that would be an event of default, wouldn't it?

16 A Yes, it would.

17 Q So that one of the things this deal does
18 is tie the casinos together so that if one goes down,
19 the others may get pulled down with it; is that fair?

20 A Well, I think it's slightly unfair. I
21 guess technically, that could be a result of the
22 arrangements, however, you know, I think that ignores
23 all of the protections that we spoke about in terms of
24 having the ability to limit those kinds of problems to
25 a particular asset so that they stay localized and

Cerabino - By Zimmerman

1 they don't spread, but as a technical matter, that
2 could happen.

3 Q They could stay localized through the
4 procedure of the foreclosure?

5 A Yeah, through foreclosure events and
6 whatever would exist at that time.

7 Q But that wouldn't necessarily occur, it
8 could be the two-thirds --

9 A It could be, yes, a bankruptcy at one of
10 them could result in an event of default under the
11 entire agreement, correct.

12 Q It might be instructive if we went through
13 what would happen if there were a defaults, if we went
14 through the levels of liens. If we took, say, the
15 Penn Yards, which didn't pay its taxes or pay its
16 insurance or pay whatever, any of those things would
17 be an event of default; would they not?

18 A Yeah, they would.

19 Q As I understand it, if we took the liens
20 in order, the holders of the first lien, the existing
21 liens could do whatever they could do now --

22 A Right.

23 Q -- except they could not seek recourse
24 against Mr. Trump; is that correct?

25 A Yeah. In your example, the Penn Yards

Cerabino - By Zimmerman

1 loan is currently, except for a \$35 million guarantee,
2 a non-recourse obligation. If there were a default
3 there, there could be an acceleration of that loan and
4 the guarantee could be called upon, however, the
5 ability to enforce against Mr. Trump that obligation
6 would be subject to the five-year moratorium.

7 Q If it were recourse, it would not be
8 recourse?

9 A Nothing is being made recourse by virtue
10 of this deal. We are leaving the existing lenders in
11 their positions today.

12 Q Then if there were what we are calling a
13 special lien, that lien could then be foreclosed
14 against that asset?

15 A On that particular asset, I don't believe
16 there's a special lien.

17 Q Then the holders of the new \$65 million
18 line of credit lien could, by a two-thirds vote, call
19 a default and accelerate whatever was outstanding?

20 A Yes.

21 Q Would they then be in a position to choose
22 to be satisfied out of a particular asset?

23 A I think it would really relate to -- it's
24 a very difficult question to answer, because it would
25 depend on the asset. Where there are newly allocated

Cerabino - By Zimmerman

1 liens or existing liens on a particular asset, they
2 obviously would come behind whatever is there and
3 whatever has a priority.

4 If there were assumed to be a basket
5 of assets available that they had a security interest
6 in, they could seek to enforce those claims against or
7 foreclose on particular items presumably in their
8 discretion.

9 Q If they could determine, for example, to
10 be satisfied from foreclosure on the assets of the
11 casino?

12 A Assets other than the equity in the
13 casinos, yes.

14 Q And if there was an amendment -- a default
15 called under the new money loan, then the Override
16 Agreement lenders would be unblocked and they could
17 call a default?

18 A Yes, that's correct.

19 Q They could then be satisfied to the extent
20 of deferred interest under the Override Agreement?

21 A As to the security, yeah. And it gets
22 very, very complicated, but to the extent that there
23 was an asset that secured the new money facility and,
24 therefore, also secured the deferred recourse
25 obligations, if the debt had been accelerated that was

Cerabino - By Zimmerman

1 subject to the Override Agreement, they would have a
2 claim on whatever was left to satisfy just that
3 obligation from a sale or foreclosure on that
4 property.

5 Q So they could terminate the Override
6 Agreement?

7 A And they could terminate the moratorium
8 and terminate the Override Agreement, yeah.

9 Q If there were a public offering of equity,
10 would that involve a facility fee or would that be a
11 situation where there were no proceeds?

12 A No. That could involve a facility fee.
13 If there was an equity sale which would have a
14 one-third vote attached to it, since we are
15 diluting -- let me think about this, an equity sale,
16 to the extent it generated proceeds and those proceeds
17 could be dividended up, they would be within the
18 distribution covenant that I spoke about.

19 Q How would you determine if they were
20 proceeds?

21 A Well, I mean I'm presuming a sale for
22 cash.

23 Q If there were a sale of \$100 million worth
24 of equity to the public, there would be \$100 million
25 worth of proceeds upon which a fee would be based?

Cerabino - By Zimmerman

1 A No, because the cash would have to be --
2 to the extent the cash were upstreamed from that
3 level, there are required applications, so any of the
4 people who have special liens securing a particular
5 obligation, they would have a right to have a first
6 claim on those proceeds. The new money facility would
7 have a second claim on those proceeds and, in fact,
8 there would be no proceeds receivable by Mr. Trump
9 unless the new money facility had been fully
10 collateralized, so it's very likely and it depends on
11 the timing, but it's very likely that events occurring
12 early won't generate facility fees because of the
13 required applications.

14 Q I know you said this, but I want to make
15 sure that I understand it. If there were to be either
16 a public sale of equity or a trade of equity for debt,
17 all that would be required would be a one-third
18 vote --

19 A Yes.

20 Q -- of the seven banks.

21 And even though there would be an
22 impairment of the collateral of the override banks,
23 neither the lead banks nor the participating banks
24 under the Override Agreement would have a voice?

25 A That's correct.

Cerabino - By Zimmerman

1 If the new money facility had not
2 been terminated or fully collateralized and by that we
3 mean \$65 million of LCs or some cash collateral
4 securing those borrowings under that facility, the
5 one-third approval mechanism under the Credit
6 Agreement would be all that would be necessary.

7 Q One final thing. The banks are aware, to
8 your knowledge, that it is impossible to foreclose on
9 casino equity without going through the procedures in
10 the Casino Control Act?

11 A Right. I believe they are.

12 Q Thank you.

13 ACTING CHAIR ARMSTRONG: Mr. Ribis.

14 MR. RIBIS: I have nothing else right
15 now. We will wait and see what happens at the end of
16 today if we have to bring Mr. Cerabino back.

17 ACTING CHAIR ARMSTRONG: Mr.
18 Auriemma, anything further?

19 MR. AURIEMMA: I have nothing
20 further.

21 ACTING CHAIR ARMSTRONG:
22 Commissioners, anything further?

23 Mr. Cerabino, thank you very much.
24
25

Bollenbach - Direct by Ribis

1 S T E P H E N B O L L E N B A C H, having been
2 first duly sworn, testified as follows:

3 DIRECT EXAMINATION BY MR. RIBIS:

4 Q Mr. Bollenbach, where are you now
5 employed?

6 A I now work for the Trump Organization.
7 I'm a recent hire.

8 Q And your title at the Trump Organization?

9 A Chief financial officer.

10 Q Prior to becoming employed at the Trump
11 Organization this week, where were you employed and
12 for how long and what were your job responsibilities?

13 A I've worked for Holiday Corporation and
14 that became the Promise Corporation. And my
15 responsibility in my position the whole time I was
16 there was the chief financial officer. And I was
17 there just over four years.

18 Q And during your four-year tenure at the
19 Holiday Corporation, were you involved in the
20 restructuring of that corporation?

21 A Yes. During that period of time we did
22 two large financial restructurings of the company.
23 The first was at the end of 1986 when we paid a large
24 dividend to the shareholders of \$65 a share and
25 borrowed money to do that, and then sold assets to

Bollenbach - Direct by Ribis

1 repay that debt. And then the second one was at the
2 end of 1989 when we sold the Holiday Inns, which was a
3 major subsidiary of the company, to an English company
4 called Bass PLC, and at the same time, paid another
5 large dividend to our shareholders at that time of \$30
6 a share.

7 Q And prior to accepting your job as chief
8 financial officer at the Trump Organization, did you
9 have an opportunity to review what's been referred to
10 as the Leventhal report and the general financial
11 condition of the Trump Organization?

12 A Yes, I did.

13 Q And could you explain what your feeling
14 was and under what circumstances you took your present
15 assignment?

16 A Well, my feeling is that it's a case where
17 there are some, basically, sound assets that, because
18 of the situation that's in the economy, particularly
19 in the Northeastern United States now and because of
20 the changes in the credit markets, find themselves in
21 a position where they don't produce enough to service
22 the current debt that's on them.

23 And from my point of view, I think
24 that although there are some obvious difficulties
25 there, I think there's some real opportunities. And I

Bollenbach - Direct by Ribis

1 think the opportunities, of course, entail the
2 financing of the assets, and since that's what I've
3 done for all of my business career, and it's a very
4 intriguing and challenging proposition from my point
5 of view.

6 Q Now, in taking over as chief financial
7 officer, would you say one of your primary and
8 immediate responsibilities would be to focus on the
9 casino assets and the debt structure of the casino
10 assets and the organizational structures and move
11 forward?

12 A Yes.

13 Q And could you explain that to the
14 Commission, how you see your timetable, and in
15 general, what you would like to do?

16 A It seems to me clear that the most
17 pressing problems have to do with the casinos in
18 Atlantic City, and that is from both of the points of
19 view that I mentioned just earlier. I think that the
20 changing business climate in the Northeastern United
21 States means that there are certain things, certain
22 ways in which the operations need to adapt to the new
23 climate. And because of the debt payments that are
24 coming due quite soon, we need to concentrate fully on
25 the financial problems of the company.

Bollenbach - Direct by Ribis

1 Q And focusing on the Atlantic City
2 casinos -- strike that.

3 You are aware that First Boston has
4 been retained?

5 A Yes.

6 Q As the investment bankers regarding the
7 casinos; are you not?

8 A Yes, I am.

9 MR. RIBIS: And I should say that Dan
10 Lee is here from First Boston and has been for the
11 entire day.

12 Q Do you anticipate working closely with
13 First Boston regarding the restructuring?

14 A Yes, I do, and I've worked with First
15 Boston many times in the past and found them to be a
16 very good organization, and I think they are a very
17 good selection for this job.

18 Q Now, in dealing with the casino assets,
19 do you believe or feel that the execution of the
20 agreement with the banks inhibits in any way the
21 company's ability to go forward immediately with the
22 restructuring of its casino debt?

23 A Well, I think if you view it from today,
24 it's very, very helpful. I mean I think the process
25 of signing it and agreeing to it, does put -- removes

Bollenbach - Direct by Ribis

1 some flexibility. But if you think about it from
2 where we are now, it really adds flexibility, because
3 I think it's essential that in order to go forward, we
4 get the time that we need to work, and the way we get
5 that time I think is to enter into this agreement with
6 the banks.

7 Q And have you taken a look at the various
8 outlines of the various agreements which we are
9 entering into with the banks and are you, just in a
10 general sense, familiar with what the transactions
11 are?

12 A Yes. I read through them, and as we all
13 know from this morning, they are quite complicated,
14 and I'm not sure I'm an expert, but I read them.

15 Q And are you optimistic that prior to our
16 payment, which is due some time in November at the Taj
17 Mahal, that you would have addressed at least
18 initially and come before this Commission with a
19 proposal relating to the Taj Mahal and to the casino
20 assets?

21 A Yes. I think that there's time to come up
22 with that type of proposal in the time period that we
23 have in front of us.

24 Q Thank you very much.

25 MR. RIBIS: I have nothing else.

Bollenbach - Cross by Auriemma

1 ACTING CHAIR ARMSTRONG: Mr.
2 Auriemma.

3 CROSS-EXAMINATION BY MR. AURIEMMA:

4 Q Mr. Bollenbach, based on your experience
5 at the Holiday Company/Promise Company, is it fair to
6 say you have experience in selling assets?

7 A Yes, yes.

8 Q I presume you expect to utilize that
9 experience in regard to your new position here?

10 A Right. You know, it's exactly that kind
11 of experience that I've had in the past that makes
12 this an interesting opportunity for me.

13 Q You've indicated that your most pressing
14 problem will be the casinos in Atlantic City and that
15 debt restructuring.

16 Can you tell me, given that problem,
17 when would you expect to delve into the prospects of
18 selling various assets?

19 A Well, along with First Boston, I think
20 we've laid out before ourselves a timetable of two to
21 three weeks to really come up with a working plan as
22 to how we look at solving the problems and certainly
23 something that will be considered in that is the sale
24 of the assets. And so, you know, I think we are
25 talking about a two- to three-week time period before

Bollenbach - Cross by Auriemma

1 I would be in a position to say this is the avenue
2 that we are going to pursue.

3 Q When you say sale of the assets, is First
4 Boston going to assist the Trump Organization with
5 respect to a sale of the non-casino assets?

6 A No. The charter with First Boston is to
7 look only at the casino properties.

8 Q So, any decisions that are going to be
9 made with respect to the sale of non-casino assets is
10 really a function of Mr. Trump and yourself primarily?

11 A As of now, that's our task.

12 Q Would you have a timetable for when that
13 process is going to commence?

14 A I think that these things can go on
15 together. As I said, I want to devote my time
16 primarily to the casino -- to Atlantic City and to the
17 casino assets, but I think Mr. Trump will be spending
18 time on some of the other things himself.

19 Q As you are probably aware, you are
20 responsible for preparing a Business Plan for
21 submission to the banks?

22 A Uh-huh.

23 Q And at the moment the Business Plan
24 consists of the Kenneth Leventhal report and the
25 amendment thereto.

Bollenbach - Cross by Auriemma

1 A Right.

2 Q Do you have a time frame as to when you
3 will be completing any revisions to that plan?

4 A Well, again, that will be a high priority
5 item. My recollection is that we promise to submit
6 one within 90 days, and I think with the help of the
7 Leventhal organization, we'll be able to meet that
8 schedule.

9 Q It's anticipated at this point in time
10 that the Leventhal company will continue in some
11 capacity to assist you in that task?

12 A Yes, that's my anticipation.

13 Q The Leventhal report, which has been
14 marked as P-86 in evidence, have you have read that?

15 A Yes, I have.

16 Q And have you read the August 15 amendment
17 to it, which has been marked P-86a in evidence?

18 A I don't know that I have.

19 Q That's dated yesterday, and I'll show it
20 to you.

21 A No, I haven't read this.

22 Q Would you silently read to yourself the
23 first page only.

24 Two or three quick questions with
25 respect to that.

Bollenbach - Cross by Auriemma

1 One, it is now clear that the
2 Business Plan, as it exists as of this moment, does
3 not contemplate any excess cash distributions from any
4 of the casino/hotels to Mr. Trump; is that correct?

5 A Yes, that's right.

6 Q And even though you've been on board only
7 a short period of time, do you concur in that
8 assessment?

9 A Well, the time is very short, but I would
10 certainly agree that the Leventhal organization has a
11 good handle on what's going on, so I would agree that
12 their statement is correct.

13 Q Additionally, this letter states, and I'll
14 read, "In the circumstances there can be no assurance
15 that the operating results of the individual casinos
16 will improve or that alternative means can be devised
17 to satisfy the obligations presently payable or
18 becoming due in the next year."

19 Do you agree with that assessment at
20 this point?

21 A Could you read that to me again, just the
22 very start of it?

23 Q Sure. You can read it, and I'll read it
24 out loud again.

25 A Yeah. What it says is that, "In the

Bollenbach - Cross by Auriemma

1 circumstances, there can be no assurance that the
2 operating results of the individual casinos will
3 improve..." and, you know, I think we all recognize
4 that we are in very changing times as it relates to
5 the casino business and that the results for July and
6 August have not been very happy for anybody in the
7 market, so I would think that any person, any expert
8 in this business that's looking at it now would decide
9 that you would have to say that there could be no
10 assurance that things are going to improve in the near
11 term.

12 Q If these agreements are not approved by
13 the Commission tomorrow, but, again, as Commissioner
14 Armstrong asked Mr. Cerabino, were hypothetically
15 approved a week from now, what would that do to your
16 timetables?

17 A Well, Tom is right, the world will
18 end -- you know, I don't know that that will impact my
19 personal timetables that much. And, again, my
20 involvement here is from a very short perspective, but
21 I think that the people to date have worked out the
22 arrangement with the banks have worked out a very good
23 arrangement. And also I know from my experience, to
24 get this many banks together and agree on anything
25 particularly anything this complicated, is

Bollenbach - Cross by Auriemma

1 extraordinarily difficult. So if it were my decision,
2 I would move as quickly as possible, simply because
3 when you think you have a good deal, you want to pick
4 it up, you don't want to let it get away, so whether a
5 week matters, I don't know. But if we can do it now,
6 I would really urge everybody to do it.

7 Q Again, based on your analysis of the June
8 14 Kenneth Leventhal report and your understanding of
9 this organization at this point, is it a fair
10 statement to say that the organization is insolvent at
11 this point in time?

12 A Oh, I just don't know the answer to that.
13 Insolvency, I know, has a lot of legal definitions and
14 I really wouldn't have enough data to opine on that.

15 Q Then is it fair to say, then, that the
16 company is in dire straits?

17 A You know, it's hard for me, truly, it's
18 hard to characterize something in a short phrase like
19 that. I mean, clearly things need to change in this
20 company, they need to change from an operating
21 standpoint and they need to change from a financial
22 standpoint. And the company is in financial
23 difficulties like a lot of other companies are today,
24 and it goes from one degree to another. I mean, it's
25 obviously not in the class of the Ford Motor Company,

Bollenbach - Cross by Auriemma

1 but I think it's a company that, with good hard work
2 and time, can certainly be turned around. I don't
3 think of that as dire straits, but maybe somebody else
4 might.

5 Q At this point, in terms of reporting line,
6 do you report directly to Mr. Trump?

7 A Yes, I do.

8 Q Do you envision hiring any additional
9 professional staff to assist you in your tasks?

10 A I really haven't had an opportunity to
11 meet all the people that are in the company, but it's
12 clear that we need to have people that can provide
13 timely information in order to make decisions, and if
14 we don't have people that are in the company that can
15 do that, then we will have to hire them from the
16 outside.

17 Q Have you had the opportunity to read the
18 Division's 111-page financial analysis at this point?

19 A I read the summary of that, but not the
20 financial analysis.

21 Q Did you read any part of that report
22 dealing with the Taj Mahal facility?

23 A I don't recall what I read relative to the
24 Taj Mahal.

25 Q But you do agree that a casino debt

Bollenbach - Cross by Auriemma

1 restructuring is critical at this point, don't you?

2 A Yes. I think that there's two parts to
3 the equation. I think that improved operations are
4 important and I think that's possible. But even with
5 improved operations, I think it's necessary to make
6 some changes in the debt structure of the company.

7 Q Prior to your selection by Mr. Trump, did
8 you meet with any or all of the banks or
9 representatives thereof?

10 A After I first talked with Mr. Trump, and I
11 think perhaps after our second meeting, and at that
12 point, I was quite interested in joining his
13 organization, and because I know the banks that are
14 involved in this from other dealings, I did go around
15 and talk to Banker's Trust, and the reason is because
16 I had a personal interest in joining the Trump
17 Organization and being involved in this, and I wanted
18 to get a flavor from the banks to the extent that I
19 could as to the nature of the problems and to the
20 level to which there would be cooperation from the
21 banks, and so I did meet with the Banker's Trust
22 people.

23 And I've talked to some of the people
24 from Citibank, but only by phone, and some of the
25 people I know at Citibank that have been involved in

Bollenbach - Cross by Auriemma

1 this.

2 Q Do you have any written employment
3 agreement with the Trump Organization?

4 A Yes, I do.

5 Q Without going into the specifics of it,
6 what's the general length of term?

7 A It's three years.

8 Q With respect to the Business Plan that has
9 to be submitted to the banks and the strategic plans
10 that have to be approved, what do you expect the
11 approval process to be with the banks?

12 Do you expect it to be a
13 give-and-take negotiation or just an oversight?

14 A Well, I don't think it's so much a
15 negotiation, because, you know, a business plan is
16 just a view of the future and along with some
17 assumptions about the future and some actions that the
18 company tends to take. And, in my experience, the
19 bank is more concerned about the process of planning
20 and the knowledge that the company has control of the
21 situation. They are much more concerned about that
22 than actually having input into the plan.

23 I mean, my experience is that banks,
24 particularly good banks like this, really don't view
25 their role as trying to run your business for you, and

Bollenbach - Cross by Auriemma

1 they recognize that they are not very good at that.
2 So, I don't think of it as a negotiation of the plan.

3 Q In your experience with the
4 Holiday/Promise Company, were business plans
5 formulated?

6 A Yes.

7 Q And were they shared with the lenders of
8 Holiday?

9 A Yes, yes, And that's been my experience
10 in other companies, too. I think that most companies
11 have a cadre of banks and financial institutions that
12 they deal with, and it's good for the company to share
13 your plans with the banks, even banks that you are not
14 currently doing business with, because when an
15 opportunity comes along and you want to do business
16 with them, you want them to kind of be up to speed
17 with your company. So it's very common for companies
18 to hold annual meetings of groups of banks and simply
19 explain what's going on in the company and explaining
20 it to banks that they are currently doing business
21 with and banks they hope to do business with.

22 Q Have you personally ever been involved in
23 a situation where a business plan had to be submitted
24 to a bank for a finding of acceptability?

25 A For a finding of acceptability? I've been

Bollenbach - Cross by Auriemma

1 in situations where you must have a business plan in
2 order to secure financing, and once having secured
3 that financing, you need to provide plans in the
4 future in order to maintain it so that there wouldn't
5 be a default on the loans, so that's not uncommon at
6 all in my experience.

7 Q Were those plans submitted subsequently to
8 obtaining a loan, would they be subject to some kind
9 of approval by the bank or is it more of a submission
10 process?

11 A Yeah. Usually the situation is that you
12 submit a plan and it's the submission of the plan that
13 is the requirement, not the content of the plan.

14 Q If there is any excess cash to be
15 upstreamed to Mr. Trump at the moment, do you have any
16 idea where it would be used within the organization?

17 A I'm sorry, I just haven't had an
18 opportunity to study that.

19 Q Again, are you familiar with the fact that
20 a number of loans must remain current on their
21 interest payments like the loan vis-a-vis the Trump
22 Tower or the loan vis-a-vis the Grand Hyatt and
23 others?

24 A Yes.

25 Q And have you calculated the interest

Bollenbach - Cross by Auriemma

1 payments that must be kept current through 1991?

2 A No. I haven't had a chance to do that
3 yet.

4 Q Is it your basic intention that the
5 organization pay its loans and operating expenses in
6 cash flow?

7 A As opposed to new borrowings, you mean?

8 Q Correct, correct.

9 A Again, I just haven't had an opportunity
10 to formulate a plan.

11 Q Are you aware that the indenture trustee
12 for the Trump Castle funding and Trump Plaza funding
13 was First Fidelity and still is First Fidelity but
14 they have resigned?

15 A Yes.

16 Q Do you know of any efforts at this point,
17 either on their part or on your behalf, the company's
18 behalf, to find a successor trustee?

19 A I'm not familiar with the efforts.

20 Q In the future, do you anticipate the
21 organization looking to either one or more of the
22 casino/hotels for additional upstreaming and cash for
23 use throughout the organization?

24 A I'm still at a disadvantage of not having
25 had the opportunity to lay out that whole plan and so

Bollenbach - Cross by Auriemma

1 I just don't have a good answer. I don't have any
2 answer for you right now.

3 Q Certainly, it would have been better for
4 the organization if \$20 million could have been
5 upstreamed from Trump Plaza to the parent level?

6 A Yeah. I think that, you know, it's clear
7 that the problems at the casino level are difficult
8 not only for the casinos but for the rest of the Trump
9 Organization.

10 Q Are you familiar with the contractor
11 negotiations that have been ongoing with the Taj
12 Mahal?

13 A I've just heard the briefest review of
14 that.

15 Q So at this point, since you have
16 essentially only been only on board for a short period
17 of time, you haven't been able to identify any
18 potential asset sales?

19 A No.

20 Q And do you have a time frame of when you
21 might develop that plan?

22 A Well, I think over the next few weeks and
23 particularly as it relates to the casinos in
24 consultation with First Boston and as it relates to
25 other assets in conversations with Mr. Trump and with

Bollenbach - By Commissioner Dodd

1 other people, you know, I would hope that we are
2 really talking a short number of weeks to get a
3 direction as to where we are going to go.

4 MR. AURIEMMA: I have nothing
5 further, Madam Chair.

6 ACTING CHAIR ARMSTRONG: Commissioner
7 Dodd, any questions?

8 EXAMINATION BY COMMISSIONER DODD:

9 Q Mr. Bollenbach, realizing the newness to
10 joining the organization, but with your background in
11 Holiday and Promise, could you give us your best
12 thoughts on the gaming industry in general and
13 Atlantic City in specific, not necessarily with the
14 Trump Organization, but as an industry?

15 A Well, you know, I think we're truly in
16 interesting times, because it seems to me that we
17 haven't had a severe recession in the United States in
18 the time frame where the gaming industry exists as it
19 does today. And I think the last really severe
20 recession was when Atlantic City was just in its
21 infancy. And so the business is an entirely different
22 business today than it was in 1982.

23 And so I don't think that there's a
24 real historic experience to draw on, but I think
25 that -- you know, so you can speculate on what happens

Bollenbach - By Commissioner Dodd

1 to the gaming business during a reseason. And it
2 seems to me what we are seeing in Atlantic City is a
3 an example of that, because, you know, I don't believe
4 that we have in the United States today recessions
5 that are national. I think we have geographical
6 recessions and geographical businesses and areas. And
7 so what we are seeing is a severe reseason in the
8 Northeastern United States that is having a severe
9 impact on Atlantic City, virtually no growth to the
10 market.

11 I think that if we continue to have
12 other recessions in the United States, for example, a
13 recession in California, I think it would probably
14 have a similar impact in Las Vegas.

15 So, when I think about the gaming
16 business, I try to think of it in terms of what's
17 going on in the economy. And in terms of the
18 Northeastern United States, I think this has been a
19 pretty severe recession for a pretty long period of
20 time. And my guess is that we are nearing the end of
21 that, because it does ebb and flow. And so if the
22 worst that happens in the kind of recession that we've
23 experienced in the northeast, if the market has a flat
24 year, I don't think we have a bad business here.

25 So I think we have to ride through

Bollenbach - By Commissioner Dodd

1 the recession, you know, clearly the additional
2 capacity in Atlantic City during a year of no growth
3 impacts all of the properties in the market. But, you
4 know, I think that the economy will regain itself and
5 continue to grow in the northeast and it will grow
6 into the capacity. So, you know, that's what I think
7 is going on in the gaming business.

8 It's changed not only in size but in
9 the customer. It's a mass market kind of business.
10 You know that better than I do. But all of this is
11 new and all of this is impacted by what's going on in
12 the whole economy.

13 Q Does the industry have the elasticity to
14 adjust for recession, depreciation type --

15 A I would say, yeah, apparently, because,
16 again, if you agree that this is a fairly severe
17 recession in the northeast, the industry isn't doing
18 all that bad. I mean, it's flat. And you know that
19 doesn't seem to me to be too bad.

20 Now, what distorts that, the
21 industry's flat, but then we had 16 or 17 percent
22 capacity addition, and so the same market gets divided
23 up amongst more players, so it impacts the individual
24 players.

25 COMMISSIONER DODD: Thank you.

Bollenbach - By Commissioner Burdge

1 ACTING CHAIR ARMSTRONG: Commissioner
2 Hurley.

3 COMMISSIONER HURLEY: No questions.

4 ACTING CHAIR ARMSTRONG: Commissioner
5 Burdge.

6 EXAMINATION BY COMMISSIONER BURDGE:

7 Q Mr. Bollenbach, how long have you been
8 employed by Mr. Trump as the chief financial officer?

9 A Just a day, sir.

10 Q One day?

11 A Yes.

12 COMMISSIONER DODD: You're getting
13 paid by the hour?

14 THE WITNESS: Well, I hope.

15 Q Are you familiar with the Credit
16 Agreement?

17 A I've read through some drafts of the
18 Credit Agreement and talked through it with some of
19 the people that helped prepare it, and with the
20 testimony that was given this morning, I think that I
21 am familiar with the agreement.

22 Q And, in your opinion, is that a good deal
23 for the Trump organization?

24 A Yes, sir, I believe it is.

25 Q Has your experience in the past brought

Bollenbach - By Commissioner Burdge

1 you upon similar agreements for other companies?

2 A Well, I've been through lots of credit
3 agreements and I'm not sure that I can draw a close
4 analogy to one that was made where there were existing
5 defaults under the loans.

6 Q Have you had agreements with groups of
7 banks that came together with whoever you were working
8 for for both sides where the opinion was that it was
9 in their best interest?

10 A Where there were a number of banks
11 involved in the transaction, yes, I have. In fact,
12 most loans today are done that way with lots of banks
13 involved.

14 Q Would one day or a week cause an agreement
15 to fall, from your past experience?

16 A I have been in situations where I have
17 certainly felt that it was essential to close on a
18 specific date; and if you didn't, I felt we were in
19 jeopardy of not being able to close, and I've been in
20 that situation many times.

21 Q And I'm sure all stockholders in this
22 country would have liked to have sold their stock
23 before the problem we had in the Middle East.

24 A Not all of them. Some of them were on the
25 right side of the market.

Bollenbach - By Commissioner Burdge

1 Q With the exception of the oil companies.

2 A Right.

3 Q But have you seen or have you had banks
4 walk out because they say if you don't sign today, we
5 are not going to give you the deal?

6 A No. And I don't want to give you the
7 impression that that's what I think is going to happen
8 here.

9 What I meant to say, and maybe I
10 didn't say it very clearly, but I think that the Trump
11 people have negotiated a good deal, and to the
12 extent -- and recognizing that you need time and the
13 staff needs time to analyze this, and I'm just saying
14 I think we have a good deal here and it's the time to
15 pick it up. And if we wait a week, we may still have
16 the same deal here, but I just think that it's not
17 worth the risk, if there's anything we can do to move
18 the process along.

19 COMMISSIONER BURDGE: Thank you. No
20 further questions.

21 ACTING CHAIR ARMSTRONG: Commissioner
22 Waters.

23 COMMISSIONER WATERS: No questions.

24 ACTING CHAIR ARMSTRONG: Mr.
25 Zimmerman.

Bollenbach - Redirect by Ribis

1 MR. ZIMMERMAN: No questions.

2 ACTING CHAIR ARMSTRONG: Mr. Ribis.

3 REDIRECT EXAMINATION BY MR. RIBIS:

4 Q You are aware, I've just touched on this,
5 so there's no confusion of the current defaults on
6 loan obligations that the Trump Organization presently
7 has?

8 A Yes.

9 Q And you are aware that without the
10 completion of this transaction, the company would face
11 substantial and immediate financial problems?

12 A Yes, sir.

13 Q And is it your opinion that without using
14 the word dire financial condition, the financial
15 condition of the Trump Organization is certainly
16 critical at this time?

17 A Yes. I think that it's a time where the
18 organization must work with the creditors, with its
19 bank creditors in order to move forward. It's a
20 difficult time.

21 MR. RIBIS: Thank you. I have no
22 further questions.

23 ACTING CHAIR ARMSTRONG: Mr.
24 Auriemma, anything further?

25 MR. AURIEMMA: One or two quick

Bollenbach - Recross by Auriemma

1 questions.

2 RECROSS-EXAMINATION BY MR. AURIEMMA:

3 Q Mr. Bollenbach, the Holiday/Promise
4 Company was never in the financial bind that the Trump
5 organization finds itself in; is that correct?

6 A No, it was not, but, you know, I would say
7 that when Holiday did the recapitalization in the end
8 of 1986, it certainly did not have any financial
9 problems and executed a plan very quickly that reduced
10 the debt load income so that it didn't have any
11 financial problems, but, you know, I think the
12 difference here is that I think there's been some very
13 dramatic changes in the market in the last six months,
14 both in the financial market and in the gaming market,
15 and I don't think -- I think that -- I don't want to
16 draw too close of an analogy because I think when
17 Holiday did its recap, it could have withstood violent
18 changes in the market. But I don't think I would have
19 wanted to live through the experience in Holiday of
20 having the junk bond market, for example, simply
21 disappear six months after the deal was closed or to
22 have the revenues from the gaming properties drop by
23 35 percent the month after the deal closed, so, you
24 know, I know it's not a crisp answer, but times are
25 different today.

Bollenbach - Recross by Auriemma

1 Q Have you ever worked with a company or an
2 organization that was in default on major loan
3 obligations?

4 A Yes. I was chief financial officer for a
5 very wealthy American named Daniel K. Ludwig that
6 owned a lot of different companies around the world
7 and a lot of real estate in New York and developed a
8 huge project in the Amazon Basin where he ultimately
9 lost a billion dollars because the project, frankly,
10 was not an economically viable project and so we went
11 through, or I went through a number of situations that
12 had to do with troubled loans and inability to make
13 payments and unwillingness to make payments.

14 Q And what was the ultimate result?

15 A In that case, the project that Mr. Ludwig
16 had built in Brazil was turned back to the
17 Government. He lost a billion dollars, but he was a
18 very, very wealthy man and is still a very wealthy
19 man, and although he's been ill for a number of years,
20 he is still living in New York and has some big
21 investments.

22 MR. AURIEMMA: I have nothing
23 further.

24 MR. RIBIS: I have nothing else.

25 ACTING CHAIR ARMSTRONG: Let's take a

1 10-minute break.

2 (Recess.)

3 ACTING CHAIR ARMSTRONG: Mr. Ribis.

4 MR. RIBIS: Yes. I think Mr.

5 Auriemma is prepared to cover the territory that he
6 needed, that he wanted to cover with Mr. Cerabino.

7 ACTING CHAIR ARMSTRONG: Oh, all
8 right. Fine.

9 MR. RIBIS: Can I put him back on?
10 The witness has already been sworn, I
11 believe.

12 ACTING CHAIR ARMSTRONG: Yes.

13 MR. AURIEMMA: Madam Chair, one of
14 the things I had asked about earlier was the
15 partnership agreement, and we have just been provided
16 with separate documents, vis-a-vis the partnership
17 agreement, and I think Mr. Fusco has marked them for
18 identification as P-31-A, which represents Trump Plaza
19 Associates; P-54-A, which represents Trump Castle; and
20 P-82-A, which represents Trump Taj Mahal.

21 I believe that Mr. Fusco would like
22 to move them into evidence, and I have no objection to
23 that.

24 ACTING CHAIR ARMSTRONG: Okay. We
25 will admit those documents.

Cerabino - Recross - by Mr. Auriemma

1 (At which time Exhibit
2 Nos. P-31-A, P-54-A and
3 P-82-A were received and
4 marked into Evidence.)

5 T H O M A S' M. C E R A B I N O, having been
6 previously sworn, testified as follows:

7 RE-CROSS-EXAMINATION BY MR. AURIEMMA:

8 Q Mr. Cerabino, I think you indicated to me
9 this morning that the draft of the partnership
10 agreement that I was reading from had been amended.

11 A Yes.

12 Q And I am now in possession of what is
13 contemplated to be the amendments.

14 A The actual version, yes.

15 Q Okay. And is it fair to say that there is
16 now no reference to the override agreement in these
17 amendments?

18 A The provisions that were in the prior
19 version in terms of the approval of the override
20 lenders on certain actions is deleted from that
21 document.

22 Q And in practical terms, what does that
23 mean?

24 A It means that the amendment, in essence,
25 only affects the technical substitution in the event

Cerabino - Recross - by Mr. Auriemma

1 of a foreclosure, but in my view no substantive
2 amendment to the terms of that agreement.

3 Q Turning to another topic I'd asked you
4 about this morning, I asked you about the
5 Manufacturers Hanover loan vis-a-vis the Regency.

6 A Right.

7 Q And I asked you if you could think about
8 that and provide an answer.

9 A We did. It may have been the only issue
10 we hadn't thought about in the last three months; but
11 the answer is that in our view it would not -- default
12 under that lease would not create an event of default
13 or the possibility of an event of default under the
14 credit agreement or the override agreement.

15 Q Mr. Cerabino, is it fair to say that at
16 the present time Mr. Trump is in default with respect
17 to certain loans which have direct recourse to him?

18 A Yes, that's true.

19 Q Or I should say even certain entities are
20 in default to certain loans where there are -- there
21 is recourse to him?

22 A Yes.

23 Q Okay. And assuming that this particular
24 new money facility agreement were not approved or
25 didn't exist, what would be the consequences of those

Cerabino - Recross - by Mr. Auriemma

1 defaults?

2 A I think there would be an eminent risk of
3 the collapse of the -- not only this transaction but
4 possibly immediate actions by the bank, the banks
5 involved, and the consequences of that could be
6 dramatic.

7 We currently have an extension, which
8 is our third extension, until tomorrow, and in my
9 view, from being in discussions for 18 hours a day
10 with these people for the last few weeks, it is
11 critical from the company's perspective in terms of
12 the overall transaction not to have to have another
13 extension of that loan.

14 Q Have the banks provided you with a reason
15 why tomorrow is such a critical date and why a fourth
16 extension could not occur?

17 A I think the transaction has dragged on for
18 longer than originally anticipated. There are various
19 syndicate banks who have -- are necessary to have this
20 closed, they are currently there, they're currently
21 ready to sign off on the transaction, and there is
22 absolutely no assurance, and in my view a significant
23 risk that that might dissipate very quickly if this
24 transaction is not approved.

25 Q Okay. Is it also fair to say that the

Cerabino - by Commissioner Dodd

1 quicker this transaction -- if it is approved and
2 closes and money is received, that certain cash
3 shortage problems could be dealt with with this new
4 money?

5 A Absolutely, absolutely correct. And in
6 addition to the new money, it is the concept of
7 deferrals, there are banks that have been deferring
8 voluntarily for quite a long period of time under the
9 circumstances and we just have no assurance that that
10 patience is going to continue.

11 MR. AURIEMMA: I have nothing
12 further.

13 ACTING CHAIR ARMSTRONG: Let's
14 reverse this.

15 Mr. Ribis, do you have any
16 questions?

17 MR. RIBIS: I have nothing.

18 ACTING CHAIR ARMSTRONG: All right.

19 Do any of the Commission members have
20 any further questions?

21 EXAMINATION BY COMMISSIONER DODD:

22 Q Mr. Cerabino, just briefly, and could you
23 give us a flavor, perhaps, of the dynamics of what it
24 takes to put a deal like this together with so many
25 entities, so many interests, not specific, but how

Cerabino - by Commissioner Dodd

1 loose, it's almost a mercurial --

2 A It's absolutely true, which is part of the
3 urgency I think that I'm expressing here.

4 We have had, since probably May,
5 groups of people working virtually around the clock in
6 order to get to the point where we're at now. There
7 are syndicates, there are people all over the world
8 who are involved in getting this thing to this point,
9 and it -- just by virtue of the number of parties
10 involved is a very fragile arrangement at any given
11 point in time, particularly when we've gotten to the
12 point we've gotten.

13 And I think the dynamics are there
14 have been people who have just been -- kind of at the
15 end of their line, and this transaction has been --
16 has been negotiated for a very long period of time and
17 it's ready to be done. And I just -- I have a real
18 problem giving the dynamics here in giving any kind of
19 guess that that could -- that could hold together.

20 But it's a very complicated process
21 involving negotiations with all corners of the globe
22 and very large meetings that are very boring.

23 Q There's outside events beyond our control,
24 beyond your control that could influence this on a
25 daily basis?

Cerabino - by Commissioner Dodd

1 A You know, markets change generally and
2 just factors regarding this particular set of
3 circumstances and what's gone on to date could change,
4 so that I could -- yeah, the answer is absolutely.
5 Events could change which could -- which could cause
6 this arrangement that we have today to be not there
7 tomorrow.

8 Q How many components would it take for this
9 to start to unravel?

10 A Well, I think it could be -- it could be
11 one bank, it could be a group of syndicate members.
12 It's impossible. That's part of the difficulty. We
13 don't know where the problem can come from, but we
14 know there are a lot of people or a lot of sources of
15 potential problems in terms of keeping it together.

16 Q So this isn't an ironclad contract just
17 waiting to be signed?

18 A It is an ironclad contract waiting to be
19 signed pending the receipt of this Commission --

20 Q Today, as of today.

21 A -- the Casino Control Commission. We
22 would be in a position to sign -- to consummate this
23 transaction tomorrow or over the weekend. And I think
24 in the view -- in the view of the company and some of
25 the bank lawyers who I've spoken to that is really

Cerabino - by Commissioner Waters

1 imperative. I respectfully submit.

2 COMMISSIONER DODD: Thank you.

3 ACTING CHAIR ARMSTRONG: Do any other
4 of the commissioners have any questions?

5 COMMISSIONER WATERS: I do.

6 ACTING CHAIR ARMSTRONG: Commissioner
7 Waters.

8 EXAMINATION BY COMMISSIONER WATERS:

9 Q In line with Commissioner Dodd's question,
10 I guess I misunderstood your earlier testimony.

11 I understood early on that the
12 agreements had been signed.

13 A The agreements are in final form,
14 signature pages are being held by the lawyers and
15 pending this approval, essentially we will have -- we
16 will be in a position to immediately consummate this
17 transaction.

18 Q Is there some reason why the agreements
19 weren't signed before you came in here?

20 A Pardon me, sir?

21 Q Is there some reason why the agreements
22 weren't signed before you came to the Commission?

23 A No, the agreements -- there's a
24 coordination effort of sending out signature pages to
25 a large number of institutions and some, you know,

Cerabino - by Commissioner Waters

1 have come back. I cannot represent to you --

2 Q Oh, okay, you're in the process then of --

3 A -- that all of them have come back. They
4 were in the process of getting the transaction signed.

5 Q Okay. I understood you finally to say
6 that that process awaited the approval of the
7 Commission.

8 A Oh, no, no.

9 Q Oh, okay.

10 A We're in the process of getting actual
11 signatures and the company has, in fact, signed.

12 Q In the financial evaluation report, C-1,
13 that is the Commission's, division's of financial
14 evaluation, there is an indication that there are
15 certain indebtedness not covered by the override
16 agreement, and they refer to a \$1.3 billion in casino
17 related first mortgage bond debt which totals
18 something like \$75 million, \$73 million in interest
19 payments on various first mortgage bonds that have to
20 be made between November and December.

21 Is it anticipated that those payments
22 are going to be made?

23 I'll put it another way, is it
24 anticipated that there's going to be funds available
25 from operations to pay those?

Cerabino - by Commissioner Waters

1 A I think it's anticipated that the current
2 operations, if they stay at this level, will not
3 provide sufficient funds to meet all of those
4 obligations.

5 Q Where will the funds come from?

6 A Presumably we would look at a possibility
7 of a restructuring effort or some other way in order
8 to raise funds to do that, but --

9 Q I guess my final question is, if this
10 Commission doesn't approve the credit agreement and
11 the override, what event do you anticipate the result
12 to be?

13 A It's difficult to speculate, but I would
14 presume, Commissioner, that the banks will move apart
15 and take whatever actions they deem appropriate to
16 protect their individual positions, and I believe that
17 that is a very unhealthy state of affairs for the
18 Trump.

19 Q Very what?

20 A Unhealthy state of affairs from the Trump
21 organizations.

22 Q So, yes, I would assume so.

23 How long was this deal in the making?

24 A Since May.

25 Q May?

Cerabino - by Commissioner Waters

1 A Yes.

2 Q Did anybody anticipate that what finally
3 came out of this would have to be presented to the
4 Commission and some time would be required for the
5 Commission to deliberate?

6 A Yes. Certainly, Commissioner, that was
7 anticipated. We didn't want to put a transaction in
8 front of the Commission that wasn't, in our view,
9 substantially complete, and the extensive negotiations
10 and discussions that took place long beyond what
11 certainly I expected they would, resulted in those
12 documents in that form not being ready until the time
13 we sent them to you. But it's been a long process to
14 get here.

15 Q Well, in face of that, though, I guess the
16 thing that is disturbing is to hear that tomorrow
17 seems to be such a critical date, and the first time
18 this Commission's has had a chance to consider this
19 material is today.

20 Did anybody anticipate really that we
21 were going to review this material and hear testimony
22 and come to a decision within 24 hours?

23 A We have spent extensive time with the --
24 with the staffs over the past few weeks.

25 Q Well, they don't make the final judgment.

Cerabino - by Acting Chair Armstrong

1 A I understand that, sir. But we feel with
2 the discussions we've had, with the testimony
3 presented, that we would have given the appropriate
4 record in order for you to do that.

5 COMMISSIONER WATERS: I have nothing
6 further, Madam Chair.

7 ACTING CHAIR ARMSTRONG: Commissioner
8 Hurley, did you have any questions?

9 COMMISSIONER HURLEY: No.

10 ACTING CHAIR ARMSTRONG: Commissioner
11 Burdge?

12 COMMISSIONER BURDGE: No.

13 EXAMINATION BY ACTING CHAIR ARMSTRONG:

14 Q A question of curiosity, ballpark figure,
15 how many people were involved in these negotiations?
16 I'll take a rough estimate.

17 A Considering everybody in the background,
18 and I would say a thousand.

19 ACTING CHAIR ARMSTRONG: Thank you.

20 Mr. Auriemma, I think you signaled me
21 that you had some more questions.

22 FURTHER RECROSS-EXAMINATION

23 BY MR. AURIEMMA:

24 Q I don't want to beat a dead horse, Mr.
25 Cerabino, but just getting back to the Regency lease

Cerabino - Recross - by Mr. Auriemma

1 one more time so that I fully understand it.

2 Did the Regency lease give
3 Manufacturers Hanover the ability to proceed directly
4 against Trump Plaza?

5 A In the event that the -- I believe the
6 answer is yes.

7 Q And I asked this question of Mr.
8 Bollenbach earlier, and I'll ask it of you now, is it
9 fair to say that at the present time the Trump
10 organization is insolvent?

11 A I'm not prepared to answer that question.

12 Q Okay. Is it fair to say that the Trump
13 organization cannot at this time pay its debt?

14 A To the extent that if every bank demanded
15 payment of every demand loan that it could, probably
16 the -- the funds would not be there to pay it.

17 MR. AURIEMMA: Thank you.

18 ACTING CHAIR ARMSTRONG: Mr.

19 Zimmerman.

20 EXAMINATION BY MR. ZIMMERMAN:

21 Q Mr. Cerabino, according to the Commission
22 staff report, C-1 in evidence, there are at the moment
23 past due maturities of \$240.5 million which were
24 personally guaranteed by Mr. Trump; is that true?

25 A I can't confirm that that's the exact

Cerabino - by Mr. Zimmerman

1 number.

2 Q Do you know if this deal is not
3 consummated, whether the company has the funds to make
4 good on the past due maturities and procure the
5 defaults?

6 A From my view of the Leventhal report, I
7 believe the answer is no.

8 MR. ZIMMERMAN: Thank you.

9 ACTING CHAIR ARMSTRONG: Mr. Ribis.

10 MR. RIBIS: I have nothing else.

11 ACTING CHAIR ARMSTRONG: Mr.

12 Auriemma.

13 MR. AURIEMMA: I have nothing.

14 ACTING CHAIR ARMSTRONG: Once again,
15 thank you.

16 (Witness excused.)

17 ACTING CHAIR ARMSTRONG: Mr. Ribis,
18 any further witnesses?

19 MR. RIBIS: No further witnesses,
20 Chair Armstrong.

21 ACTING CHAIR ARMSTRONG: Do I
22 understand that each of you would like the opportunity
23 tomorrow morning to do a closing argument?

24 MR. RIBIS: Yes. In fairness to Mr.
25 Auriemma and the Commission, I think that I have a

1 short closing, and I'm sure Mr. Auriemma has a
2 closing, and I'll be prepared first thing in the
3 morning.

4 ACTING CHAIR ARMSTRONG: Okay. As
5 you know, we reconvene tomorrow at 9:30 in Atlantic
6 City, and, Mr. Ribis, if, for any reason, you
7 overnight decide you need to call any further
8 witnesses, you're certainly welcome to do so, we have
9 the time available. We have the Resorts matter
10 presently scheduled for two o'clock, so we do have
11 some time.

12 MR. RIBIS: Thank you.

13 ACTING CHAIR ARMSTRONG: Okay. With
14 there being nothing further, we stand in recess until
15 tomorrow morning.

16

17

(Time noted 4:45 p.m.)

18

19

20

21

22

23

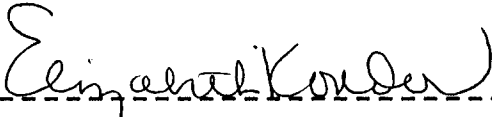
24

25

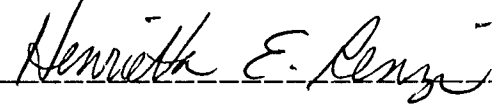
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

C E R T I F I C A T E

We, ELIZABETH KONDOR and HENRIETTA E. RENZI,
Certified Shorthand Reporters and Notaries Public of
the State of New Jersey, do hereby certify the
foregoing to be a true and accurate transcript of our
original stenographic notes taken at the time and
place hereinbefore set forth.



ELIZABETH KONDOR



HENRIETTA E. RENZI, CSR

Dated: August 17, 1990